

TEACHERS' RETIREMENT BOARD
EXECUTIVE COMPENSATION COMMITTEE

SUBJECT: Approval of Minutes of May 1, 2002

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: June 5, 2002

INFORMATION: _____

PRESENTER(S): Chairperson

Please see the attached minutes of the May 1, 2002, meeting of the Executive Compensation Committee.

PROPOSED
MINUTES OF THE
EXECUTIVE COMPENSATION COMMITTEE
OF THE
TEACHERS' RETIREMENT BOARD
WEDNESDAY, MAY 1, 2002
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA

BOARD MEMBERS PRESENT

George Fenimore, Chairperson

Gary Lynes

Paul Krasnow

Karen Russell

Carolyn Widener

Annette Porini, representing the Director of Finance, B. Timothy Gage

Louis Willhoit, representing the State Controller, Kathleen Connell

Ted Eliopoulos, representing the State Treasurer, Philip Angelides

STAFF PRESENT

Jack Ehnes, Chief Executive Officer

Christopher J. Ailman, Chief Investment Officer

Chris Waddell, Chief Counsel

Ed Derman, DCEO, External Affairs and Program Development

Peggy Plett, DCEO, Administration

Mary Miles, Administrative Assistant

OTHERS PRESENT

Dorothy Moser, CTA/NEA-R

Tony Jones, CTA

Lois Shive, CTA

Michael Green, CTA

Loretta Toggenburger, UTLA-R

A quorum being present, Chairperson Fenimore called the meeting to order at 6:07 p.m.

II. **APPROVAL OF MINUTES OF APRIL 3, 2002 MEETING**

MOTION duly made by Mr. Krasnow, seconded by Ms. Porini, and carried to approve the minutes of the April 3, 2002 meeting.

III. **ANNOUNCEMENTS**

There were no announcements.

IV. **EXEMPT COMPENSATION STATUS REPORT**

Mr. Ehnes reported that Watson Wyatt would be interviewing the ten exempt employees to gain an understanding of their job content to make the right marketplace job

comparisons. Mr. Ehnes stated an actual salary administration policy with salary ranges would be brought to the Committee in June or July. Mr. Ehnes expressed his concerns with the existing survey due to few data points for some positions, the unclear labor markets in both public and private sectors, and the highly variable data.

The Committee will need to be comfortable with the process for setting salaries, establishing good performance measurements on the incentive side, and the balance between base and incentive compensation. Mr. Ehnes also provided his perspective on a more traditional evaluation process where the Chief Executive Officer and the Chief Investment would be evaluated and have incentive compensation determined by the Board. The CEO and CIO would conduct performance appraisals and determine incentives for those exempt positions that report to them.

Mr. Eliopoulos requested staff bring back salary ranges for the positions and include back-up from Watson Wyatt. He acknowledged the need to have wages that attract the highest quality candidates, and that for the investment and the CEO, we need to look at the broader market. Mr. Eliopoulos stated that the Treasurer was not convinced that the other non-investment exempt positions are unique to State government and would look within California State service for comparisons.

V. **DRAFT AGENDA FOR THE NEXT COMMITTEE MEETING**

No changes were made to the draft agenda.

VI. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

There were no statements.

VII. **ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 6:30 p.m.

Jack Ehnes, Chief Executive Officer
and Secretary to the Teachers' Retirement Board

George Fenimore, Chairperson